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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002636

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SUBJECT: KMT CENTRAL STANDING COMMITTEE ELECTION DOESN'T
HURT MA

REF: TAIPEI 2536

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: The recent KMT Central Standing Committee election results did not hurt Chairman Ma Ying-jeou's leadership position, a senior Kuomintang (KMT) official told AIT. The KMT caucus is prepared to vote to approve purchasing the P-3C anti-sub aircraft and PAC-II upgrades this fall, according to the party official. KMT candidate Hau Long-bin will win the Taipei mayoral race, but former Taipei Deputy Mayor Yeh Chin-chuan, who withdrew from the race before the KMT primary vote, would have been a better candidate. End Summary.

Central Standing Committee Elections Don't Affect Ma

12. (C) During a meeting with KMT Secretary General Chan Chuen-po and Mainland Affairs Director Chang Jung-kung on August 1, Chan told AIT that the outcome of last weekend's Central Standing Committee (CSC) elections (see reftel) did not indicate a significant shift of power within the party. Press reports suggested that the increased number of legislators on the CSC, and the defeat of former Taipei mayor Ou Chin-de (one of Ma's close advisers) signaled a decline of Ma's influence within the party. Chan said the press frequently overplays power struggles within the KMT. The party retains its original hierarchical structure and respect for its chairman, he continued, and for these reasons is largely intolerant of factions. Ou did not lose because he was an ally of Ma, Chan argued, since the two other well-known "Ma allies" on the CSC ballot (legislator Wu Yu-sheng and Taipei City councilmember Lin Yi-hua) did get elected. Ou lost because he did not campaign diligently.

13. (C) Chan also discounted press speculation that the increased number of legislators on the CSC -- up from 18 to 25 -- strengthened KMT LY Speaker Wang Jin-pyng at Ma's expense. Chan said the new CSC "local election" format naturally favored already well-known candidates, including prominent business figures and legislators. In addition, Chan said, Wang does not have much influence over the KMT LY caucus, which takes its guidance from KMT Executive Policy Director Tseng Yung-chuan.

Arms Procurement Just Around the Corner

14. (C) Chan repeated to AIT the party position that the KMT caucus would support the purchase of the P-3C anti-sub aircraft and the upgrades to existing PAC-II anti-missile batteries, and that a defense budget to this effect could be passed before the end of the year. This was assuming that the MND and Executive Yuan submitted a workable defense budget proposal at the beginning of the LY session in September. (Comment: This all sounds good for U.S. interests, but we've heard similar promises before which have fallen prey to partisan calculations by the pan-Blues. End Comment.) While Chan and Chang both expressed appreciation for DPP Premier Su Tseng-chang's recent efforts to expand and improve cross-Strait links, neither would rule out the possibility of a no-confidence vote against Su after the LY reconvened.

Taipei Mayoral Primary Process Culled the Better Candidate?

15. (C) Chan said the new, more democratic KMT party primary format may not have yielded the best candidate for Taipei mayor. While Mainlander Hau Long-bin will win the election handily, Chan predicted, former Taipei deputy mayor Yeh Chin-chuan, a Taiwanese, would have won by an even larger margin. Yeh was disadvantaged by the party's primary process, Chan explained, as the format gives greater weight to broad public opinion polls (70 percent) than it does to the party membership vote (30 percent). This means Hau, who enjoys broad support among the general population of Taipei voters, held a significant statistical advantage over Yeh in the primary calculations. In addition, Yeh never believed he

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had a chance of winning the primary, and was looking for an out from the day Ma Ying-jeou asked him to run. Therefore, Yeh was quite ready to quit the race after being forced to apologize to Hau over an attack ad run by his campaign.

16. (C) Hau's problem is that he enjoys broad, but not deep, support among the general voting population, Chan said. Swing voters are fickle, and could turn away from Hau for various reasons, or simply not turn out to vote. While Yeh had solid support from the reliable Deep Blue base, Hau is still viewed with suspicion because of his past defection from the KMT to the New Party and especially his willingness to cross party lines and serve as Environmental Protection minister during President Chen's first term. Despite these deficiencies, however, Hau is expected to win handily in Taipei where the Pan-Blue enjoys strong support.
YOUNG